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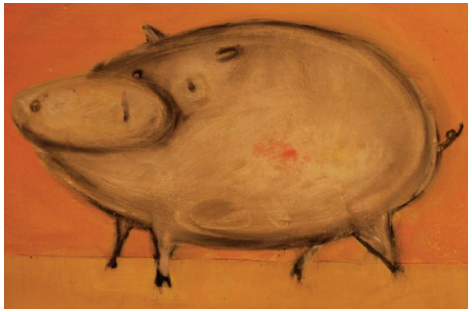
Department of Defense Update

Personal Financial Readiness



Dave Julian

Director

OSD Office of Personal Finance

Military Community and Family Policy

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Topics

- Economic Environment & Statistics
- DoD Financial Readiness Organization & Pillars
- Programs, Policies, Resources
- Protections
- Hot issues
- ‘Tis the Season…(conferences, conferences….)
- Breakouts
- Questions

Economic Environment "VUCA"

Unemployment

Foreclosure Crisis

Credit Crisis

Federal Bailouts

Savings Crisis

Banking Crisis

Market Instability

THE PERFECT STORM

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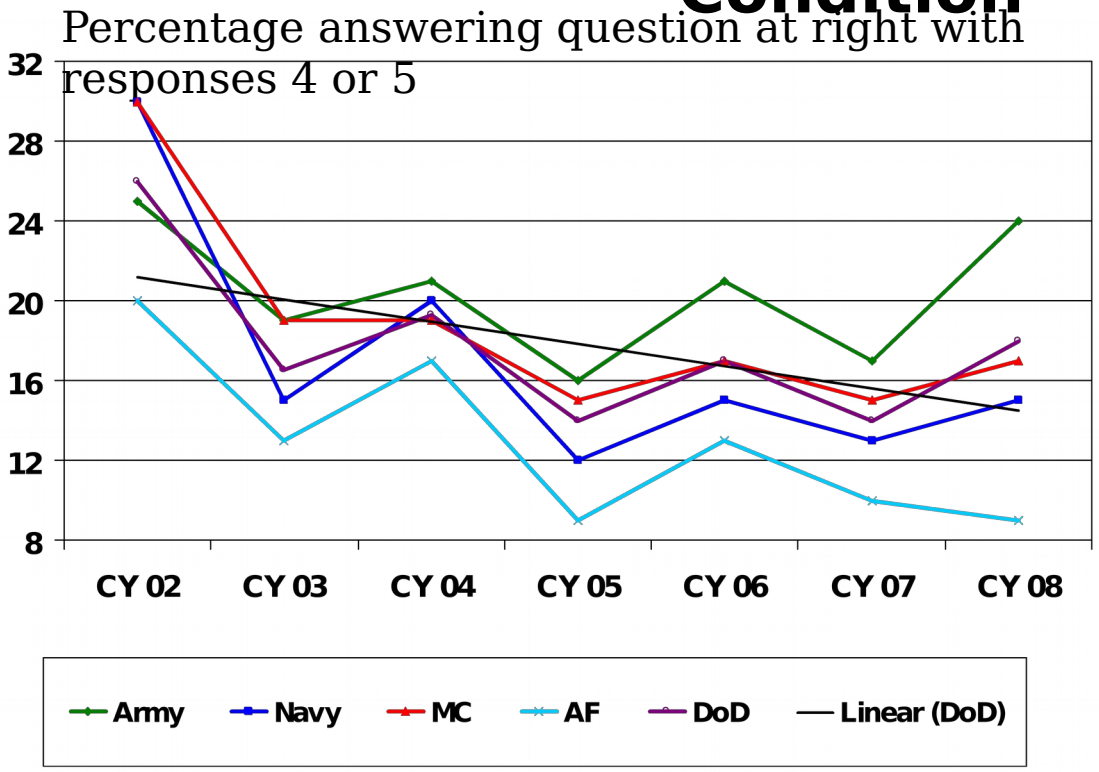
Trend Analysis: E1 – E4 Self Assessment of Financial Condition



Overall trend : statistically significant upturn for Army; others within margin of survey error, but most show slight increase over CY07

Question: "Which of the following best describes your financial condition?"

1. Very comfortable and secure
2. Able to make ends meet without much difficulty
3. Occasionally have some difficulty making ends meet
4. **Tough to make ends meet but keeping your head above water**
5. In over your head

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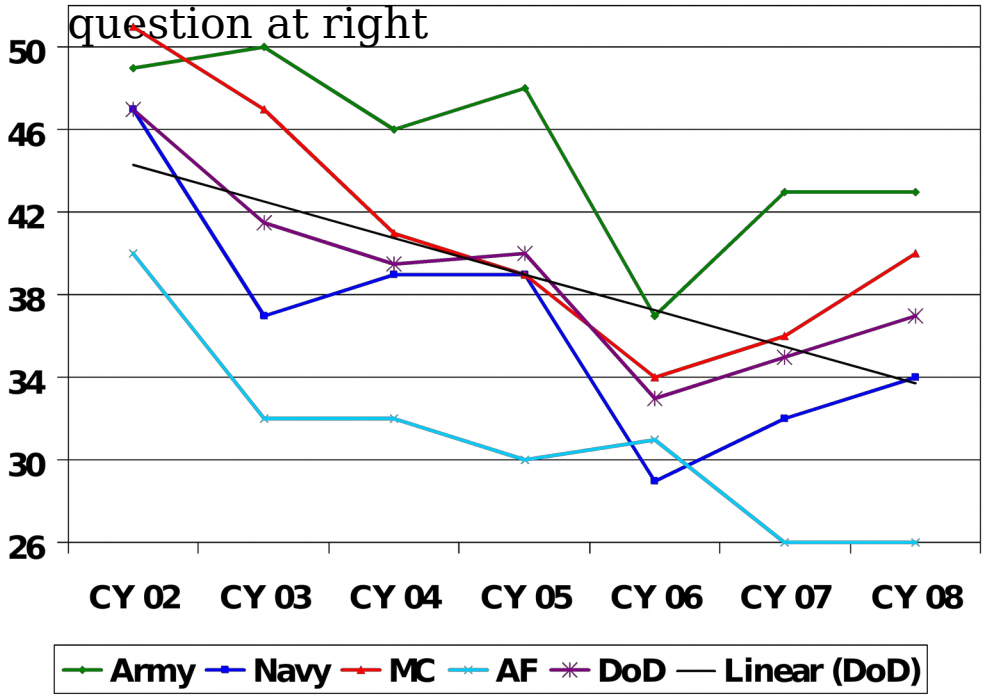
Trend Analysis:
E1 – E4 Ability to Pay Bills on Time

Percentage answering yes to one or more of the answers to the question at right



Overall trend: Increases within margin of error regarding reporting difficulties with maintaining finances

Question: "In the past 12 months, did any of the following happen to you (and your spouse)? Mark yes or no for each item."

- Bounced 2 or more checks
- Failed to make a monthly/ minimum payment on credit card, AAFES, NECOM account, or Military Star card
- Fell behind in rent or mortgage
- Was pressured to pay bills by stores, creditors, or bill collectors
- Had telephone, cable or internet shut off
- Had water, heat or electricity shut off

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“Crisis”

“WEI JI”

“Dange r”

“Opportunity”

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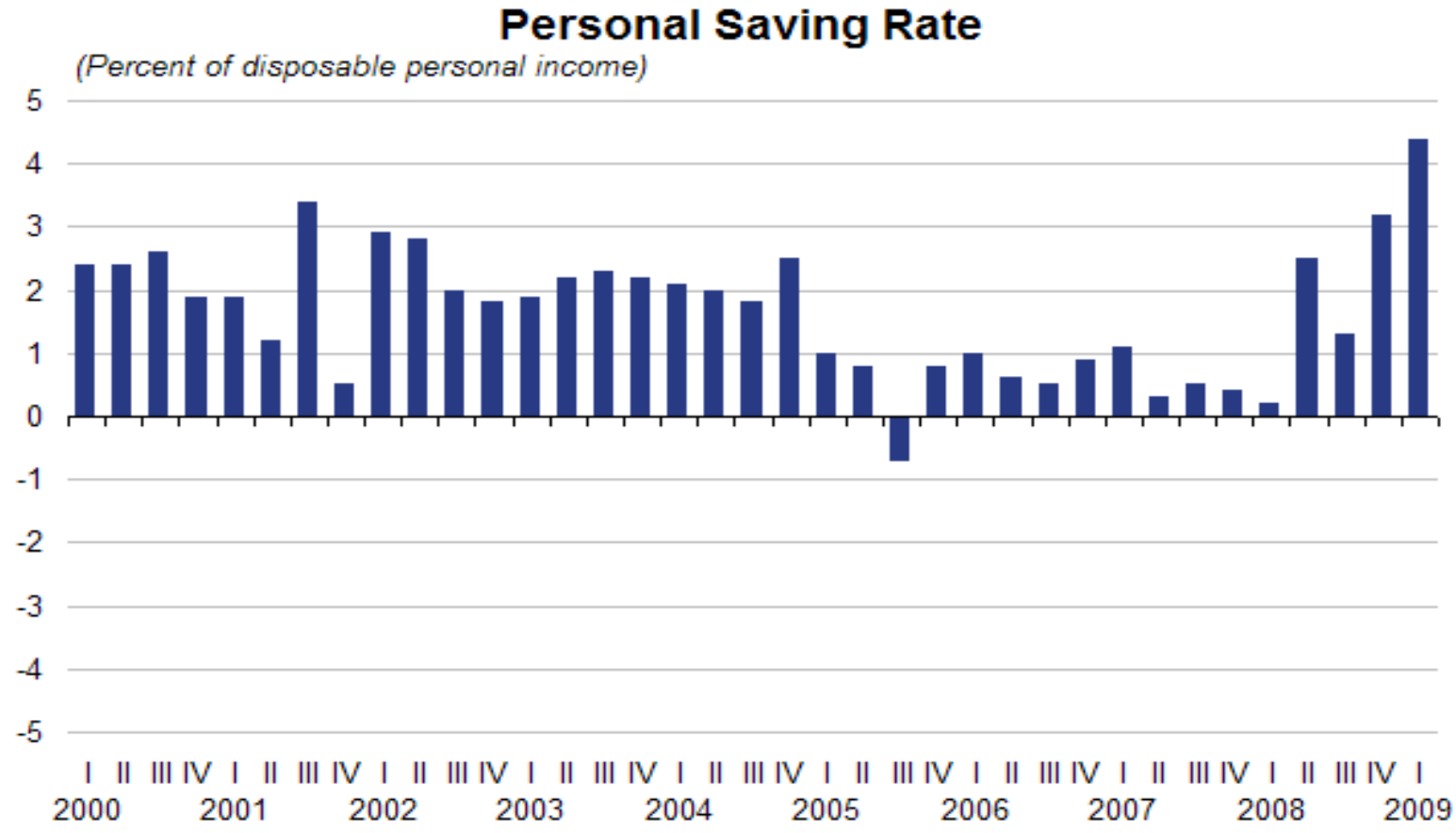

U.S. Bureau of Economic Analysis

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OSD Financial Readiness Organization

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OSD Financial Readiness

Mr. Tommy T. Thomas
Deputy Under Secretary of Defense (Military Community & Family Policy)

Mr. Art Myers
Principal Director
eputy Under Secretary of Defens
ilitary Community & Family Polic

Ms. Barbara Thompson
Director, Office of Family Policy/Children and Youth

Mr. Dave Kennedy
Director,Outreach

Mr. Dave Julian
Director, Office of Personal Finance

Ms. Karen Morgan
Youth Financial Readiness PM

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The Pillars of Personal Financial

Good Credit | Financial Stability | Routine Savings | TSP/SDP | SGLI/ Insurance | Low % Loans | MWR | Security Clearance

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Programs, Policies, Resources

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Thrift Savings Plan

- Military Service participation still relatively low

- Tobacco Bill TSP provisions:
  - Adds a Roth 401k contribution option
  - Auto enrollment for civilian employees
  - Survivor benefit for TSP accounts
  - Mutual fund investing option

- TSP remains an area of emphasis within DoD

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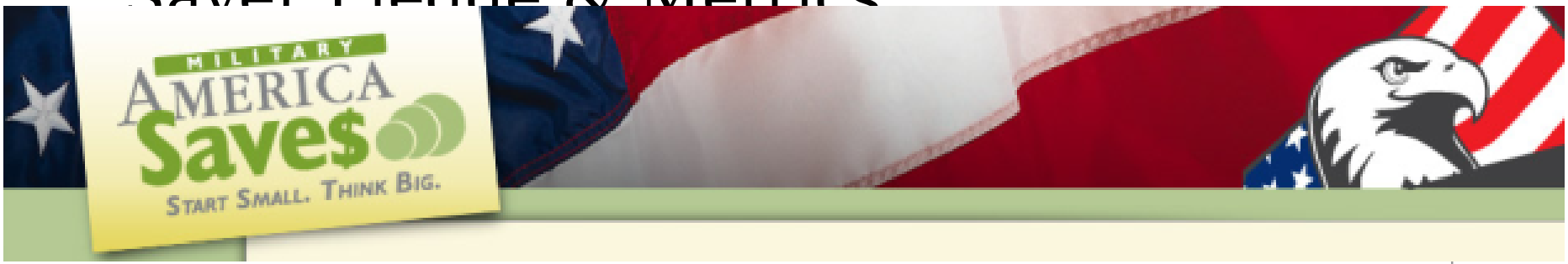
Military Saves 2010

- Partnership with Consumer Federation of America
- 21-28 Feb 2010
- Logo & Slogan
- FI's: Incentivized savings programs and products
- Saver Pledge & Metrics



"Start Small, Think Big!"

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Military Spouse Financial Careers

- FINRA Foundation Military Spouse AFC Fellowship
  - Scholarships for AFC certification
  - Facilitated practicum opportunities
  - Enrolled/certified:
    - 2006: 83
    - 2007: 200/67
    - 2008: 183/18
    - 2009: 192
  - 2010 applications: Feb/Mar 201
- Career Advancement Accounts

Sign up at ***WWW.MILITARYFAMILY.ORG*** for alerts/more info

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Financial Roadshows

- Purpose: Unique and beneficial opportunity' to raise awareness of financial assistance resources….from DoD and from qualifying non-profits…." (*USD(P&R) memo July 2008*)

- 33 events held
  - 18 states, 31 installations, 1 Afloat command
  - Air Force – 14*, Army – 11, Marine Corps – 5, Navy – 3
  - 3 "leave behind" PFC's placed (Luke-2, Nellis-1)
  - 12,000 SM's and family members served (9200 SM's & 2800 C&Y)

- "Strategic pause": reviewing current delivery

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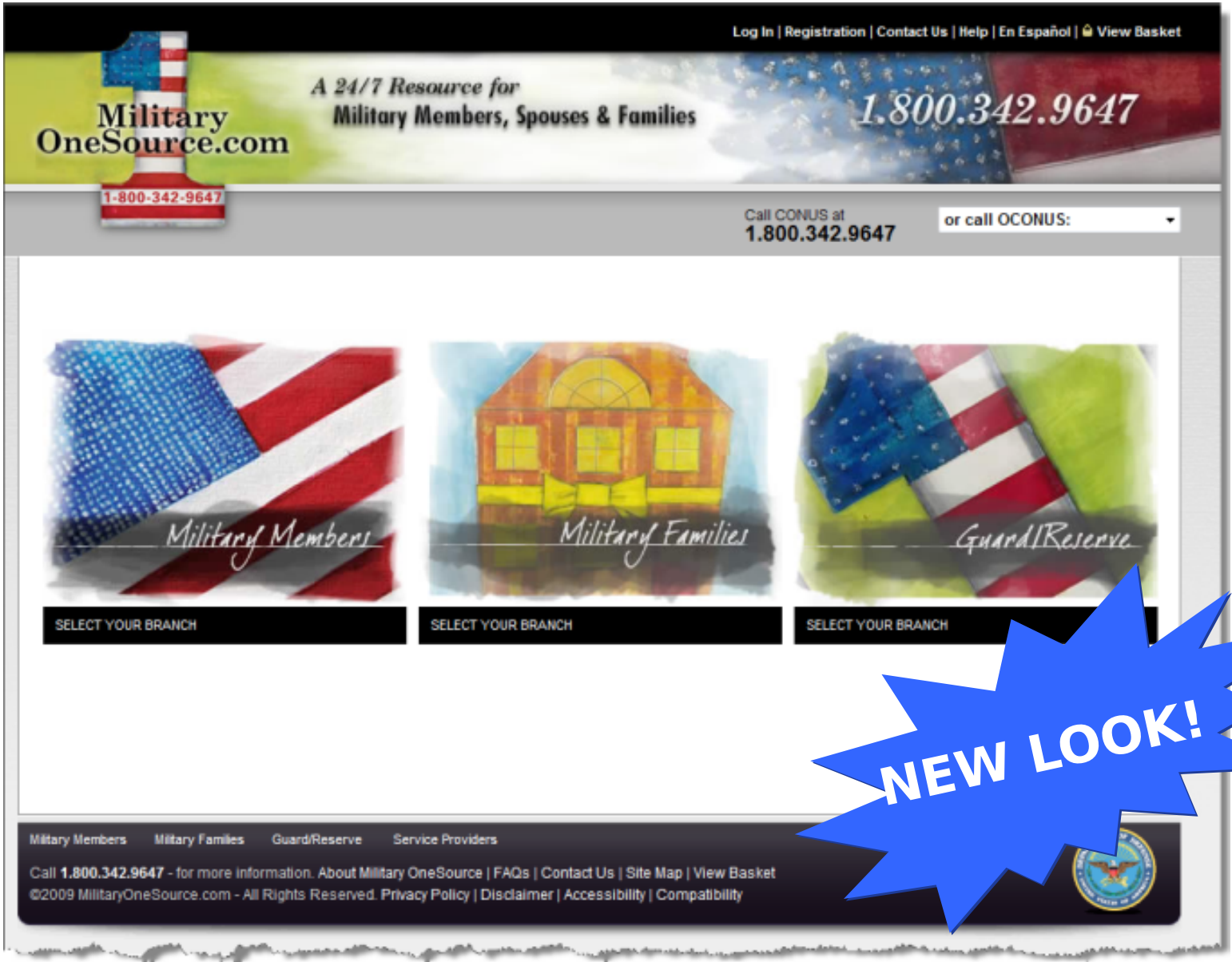
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NEW LOOK!

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Military OneSource Financial Services

- Financial Counseling
- Financial Planning
- Tax Consultations
- On-line Tax Filing (Federal and S
- Referrals
- Educational materials and calculators
- Free “wellness resources”

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Military One Source Financial Counseling

Referrals for short-term, solution-focused financial counseling at no cost to the user

- Certified Consumer Credit Counselors thru the National Foundation for Credit Counseling (NFCC)
- Face-to-face consultations (within US)
- Telephonic consultations (CONUS/OCONU
- Typically 45 - 60 minutes long
- Up to 12 consultations per issue within a 12-month period.
- Additional referrals to in-person or telephonic financial counseling can be provided by MOS consultants when appropriate

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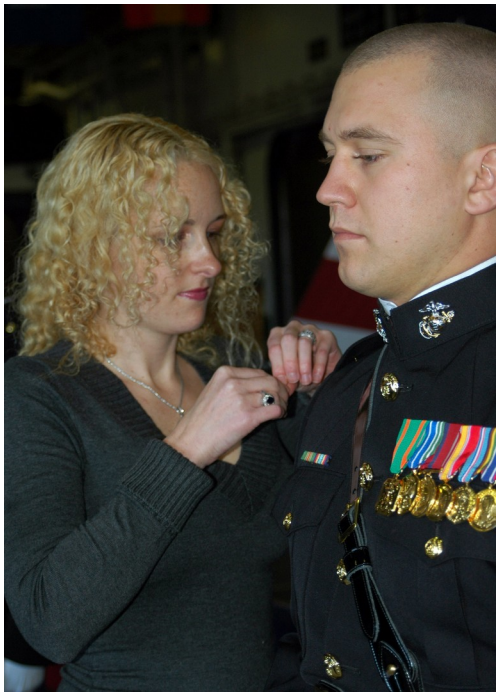
Military One Source Financial Services

- Financial Planning
  - Information and education, NOT ADVICE
  - CFP certified
  - Telephonic, 45 minutes in length
  - Examples: Investing, retirement, college, IRA, How to choose CFP
- Tax Consultations
  - Education, NOT ADVICE (Federal only)
  - CPA certified
  - Telephonic, 15 minutes in length
  - Examples: Filing requirements, deductions, divorce, capital gains, W-2/ W-4 questions, dealing with IRS, referrals to VITA and state revenue offices



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Other Helpful MOS Resources & "Wellness Resources"

- Tax e-Filing (available ~ 18 Jan 2010)
- Healthy Habits Health Coach Programs
  - Weight Management (iCanChange)
  - Teen Weight Management (iCanAchieve)
  - Cardiovascular (iCanThrive)
  - Stress Management (iCanRelax)
- YMCA Memberships & Respite Child Care
  - Title 10 status
  - YMCA/fitness center membership; 16 hrs/month YMCA child care
- DOD E-Library
  - Free links to electronic databases, e-books, audio books

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Personal Financial Counselors (PFCs)

- **Network of Financial Professionals**
  - Part of Military Family Life Consultant (MFLC) Program
  - AFC, CFP® and/or ChFC certified
  - Briefings, one-on-one counseling, education & training
  - 500+ in network

- **On-demand, surge, rotational assignments**
  - Pre-/Post-deployment, reintegration, Yellow Ribbon
  - Rotations: 30-, 60-, 90-day assignments

- **Role: Support the installation/unit PFM**

- **Next Steps: Formalize roles, request proc curriculum**

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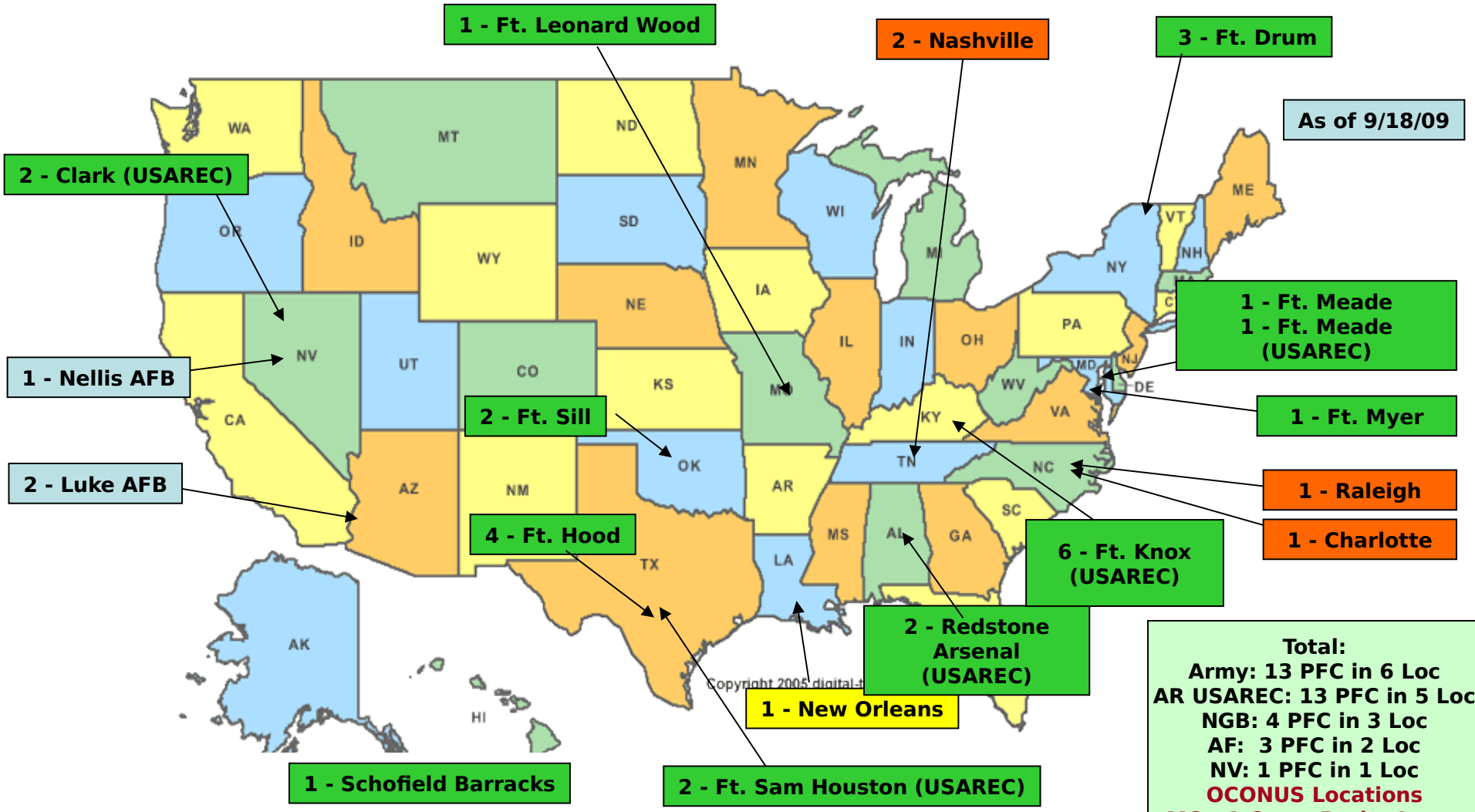
35 Rotational PFC's Worldwide



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On-Demand Financial Support

- **Facilitated through the Joint Family Resource Center**
  - Request on-line at jfsap.mhf.dod.mil/request
  - 1-888-256-9920
- **Primarily National Guard/Reserve/Geo-Isolated**
- **Support Deployment Cycle, Family Readiness, etc**
  - Yellow Ribbon Reintegration Program
  - Family Days
- **Services: MOS, MFLC Counseling, Finan**
  - PFC: Briefings, presentations, counseling, booths

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Joint Family Support Assistance Program

- JFSAP Mission:
  - **Primary focus of support** will be families who are geographically dispersed from a military installation during deployment
  - **Functional areas:**
    - Financial and material assistance
    - Mobile support services
    - Sponsorship of volunteers and family support professiona for delivery of support services
    - Coordination of family assistance programs
    - Facilitation of assistance between/among military and civilian stakeholders

- STAFFING:
  - MOS consultant, MFLC, Children & Youth, Op Mil Kids, AMR
  - ADDING PFC staff member to all state JFSAP teams

Now in all 50 states + 4

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Personal Finance Assessment System (PFAS)

- Program Partnership between USDA & DOD (NC State PM)
- Purpose: Allow individual assessment of financial literacy and identify areas for improvement
- Features:
  - Interactive – Game-like activities to reinforce understanding of personal finance topics.
  - Engaging – “Learning Buddies” will guide service members through exploration personal finance scenarios.
  - Programmed for success – self-testing before entering the official quiz portal.
  - Curriculum alignment – learning objectives, resources, and quizzes closely connected.
  - Learning resources
  - Reminders to complete
- Next Steps:
  - Continue module development
  - Brief Service HQ PFM’s
  - Identify pilot/focus groups

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Key On-line Resources

Military One Source - “Money Matters” section

www.militaryonesource.com

Military HOMEFRONT - Personal Financial Readiness

www.militaryhomefront.dod.mil

Transition Assistance Program’s TurboTAP

www.turboTAP.org

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Protections

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Protections

- *32 CFR 232 – Nelson-Talent Amendment*
  - "Predatory Lending Law"
  - Caps at 36% (Military APR):
    - Payday loans, Refund Anticipation Loans, Vehicle Title Loans
  - Next up: Auto Finance Lobby vs. CFPA?

- *Better Business Bureau Military Line*

- *Military Sentinel*
  - Partnership with FTC and DoD
  - Report scams, register complaints
  - Accessible to over 500 law enforcement agencies and JAGs
  - www.consumer.gov/military

'Active Duty' Alerts Help Protect Military Personnel from Identity Theft
[TXT] [PDF]

New Department of Defense's "Financial Readiness Campaign" Partner Web Site

The new site, www.militarymoney.com, was created to highlight specific financial issues and challenge affecting service members and their families. The site includes the Military Money Minute. A new daily 60 second spot on the Armed Forces Radio Network, delivering savvy advice on issues from military tax breaks to financial scams and more.

FTC Announces Complaint Referral Program with

Welcome to Military Sentinel

Military Sentinel is a project of the Federal Trade Commission and the Department of Defense to identify and target consumer protection issues that affect members of the United States Armed Forces and their families.

To file a consumer complaint, click on your service seal. This will link you to the consumer complaint forms.

Military Sentinel also provides a gateway to consumer education materials covering a wide range of consumer protection issues, from auto leasing, to identity theft, to work-at-home scams.

To view consumer education material and find out more about the Federal Trade Commission, click on the Federal Trade Commission seal.

Military Sentinel allows members of the United States Armed Forces to enter consumer complaints directly into a database that is immediately accessible by over 500 law enforcement organizations throughout the United States, Canada, and Australia. These law enforcement agencies use this complaint data to target cases for prosecution and other enforcement measures. The information from

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Active Duty Alerts

- Allows active duty members on deployment to ‘freeze’ their credit at no charge
  - Businesses must contact you to confirm credit extension
- Call ***any*** of the three consumer credit agencies
  - Equifax (1-800-525-6285), www.Equifax.com
  - Experian (1-888-397-3742), www.Experian.com
  - Transunion (1-800-680-7289), www.Transunion.com
- Alerts last 1 year unless removed earlier
- Law allows personal rep to place or remove alert

MORE INFO at WWW.FTC.GOV

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Hot Issues

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On-Base Banks & Credit Unions

- Are trusted agents (BLO's & CULO's monitor)
- DOD Financial Management Regulation Vol 5 Ch 34:

"On-base financial institutions shall make basic financial education and counseling services available without charge to individuals seeking these services. Financial education and counseling services refer to basic personal and family finances such as budgeting, checkbook balancing and account reconciliation benefits of savings, prudent use of credit, how to start a savings program, how to shop and apply for credit, and the consequences of excessive credit. ***DoD personnel in junior enlisted….. or newly married couples who apply for loans, shall be given special attention and counseling."***

Need to improve awareness of commanders!

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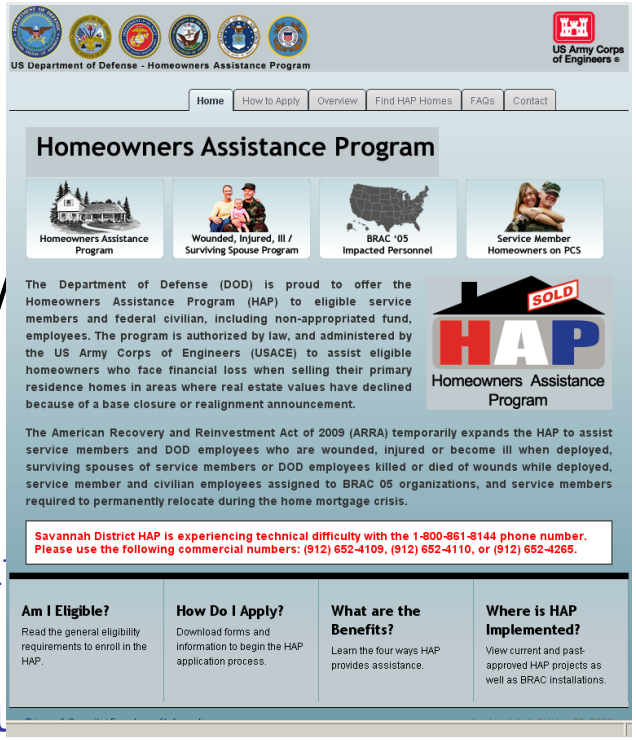
Homeowner's Assistance Program

- American Recovery & Reinvestment Act of 2009 expanded HAP to
  - Wounded Warriors & Surviving Spouses
  - BRAC 05 (no causal relationship)
  - PCS movers affected by mortgage crisis
- PCS eligibility (PCS: 02/01/06-09/30/
  - Mil personnel
  - Home purchased before 1 July 2006
  - Primary residence as of date of PCS
  - New PCS duty station at least 50 miles a
- Several methods of assistance:
  - Foreclosure costs, private sale, govt acqu
  - KNOW ELIGIBILITY CRITERIA TO MANAGE EXPECTATIONS!
  - Tax Liability benefits for benefits (income) above fair market value!!


US Department of Defense - Homeowners Assistance Program
US Army Corps of Engineers
Home
How to Apply
Overview
Find HAP Homes
FAQs
Contact
Homeowners Assistance Program
Homeowners Assistance Program
Wounded, Injured, Ill / Surviving Spouse Program
BRAC '05 Impacted Personnel
Service Member Homeowners on PCS
The Department of Defense (DOD) is proud to offer the Homeowners Assistance Program (HAP) to eligible service members and federal civilian, including non-appropriated fund, employees. The program is authorized by law, and administered by the US Army Corps of Engineers (USACE) to assist eligible homeowners who face financial loss when selling their primary residence homes in areas where real estate values have declined because of a base closure or realignment announcement.
SOLD
HAP
Homeowners Assistance Program
The American Recovery and Reinvestment Act of 2009 (ARRA) temporarily expands the HAP to assist service members and DOD employees who are wounded, injured or become ill when deployed, surviving spouses of service members or DOD employees killed or died of wounds while deployed, service member and civilian employees assigned to BRAC 05 organizations, and service members required to permanently relocate during the home mortgage crisis.
Savannah District HAP is experiencing technical difficulty with the 1-800-861-8144 phone number. Please use the following commercial numbers: (912) 652-4109, (912) 652-4110, or (912) 652-4265.
Am I Eligible?
Read the general eligibility requirements to enroll in the HAP.
How Do I Apply?
Download forms and information to begin the HAP application process.
What are the Benefits?
Learn the four ways HAP provides assistance.
Where is HAP Implemented?
View current and past-approved HAP projects as well as BRAC installations.

http://hap.usace.army.mil

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Courtesy Overdraft Protection

- Prevents “insufficient funds”, but consumers may be charged up to $30 for each instance of overdraft
  - Can drive account further into the hole, spiraling out of control
  - 30%-70% of bank fee profits are from overdraft fees
- Practices cited by the FDIC:
  - Displaying account balances at ATM’s only after account overdrawn
  - Clear larger pending debits before smaller ones
- Other Options: Auto-line of credit, draw funds from other accounts, tiered fee plans *(ask the bank)*
- Keys for troops and families:
  - Education, communication, technology, and maintain minimum balances (and ask the bank for relief)

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‘Tis the Season…..

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Joint Family Readiness Conference 2009

Chicago, 1-3 Sept

- "Building Systems of Support"
- ~1500 service providers
  - All Services, components, disciplines represented
- Keynotes, workshops, interact sessions, research presentations
  - 6 key areas: Deployment, Family Support, Personal Finance, Education, Healthcare, Spouse Employment
- Noteworthy events:
  - Letter from Mrs. Obama
  - GEN and Christi Ham (US Army Europe/7th Army) Keynote
  - SE

Overwhelmingly positive response

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Wounded Warrior Care and Transition Policy (WWCTP) Strategic Working Group (2-6 Nov 09)

- DUSD(WWCTP) responsible for transition, wounded warrior policy
- Purpose: Develop strategic WWCTP plan, revamp DODI 1335.25
- Key concepts:
  - Transition is a process not an event (Military Lifecycle)
  - AC & RC move together
  - If SM signs up for DoL workshop, VA briefing, DTAP briefing: MUST attend
- Areas of emphasis for transitioning troops, troops & families
  - Financial Readiness, Vol Ed, Spouse employment, Relocation
- Financial Readiness Impact (Pre-sep counseling form DD-2648/-1)
  - Block 17: "Finances section" updated

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DD-Form 2648/2648-1 Block 17 "Finances" Recommended Changes

OLD	Service member		Spouse	
17. FINANCES	**Yes**	**No**	**Yes**	**No**
Personal Financial Management (TSP, Retirement, SBP)				
Separation Pay (Eligible Involuntary Separatees)				

NEW	Service member		Spouse	
17. FINANCES	**Yes**	**No**	**Yes**	**No**
Personal Financial Management (TSP, Retirement, SBP, Military vs Civilian Pay & Benefits)				
Separation Pay (Eligible Involuntary Separatees)				
Unemployment Compensation				
General Money Management (budgeting, debt				

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National Leadership Summit on Military Families 9-10 Nov 09

- Purpose: Discuss current status and future of military family support programs (final report early 2010)
- Three working group sessions:
  1. Focus on Service-specific issues/challenges (voted on top issues)
  2. Focus on goals and scope of family support (voted on goals/priorities)
  3. Focus on action items, challenges, needed resource (voted on items)
- Top issues (as voted on by attendees):

- Access to Services	- Psychological Health
- Consistency of Services	- Effects on Children
- Communication	- Operations Tempo
- Health Care	- Relocation

- **Call to Action**: Educate PMs, Leadership on Financial Readiness

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Breakouts

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Breakout sessions –16 Nov PM

- 3 sessions:
  - #1: 1300-1400 (10 min break)
  - #2: 1410-1510 (20 min break)
  - #3: 1530-1630
- Topics:

Home Empowerment: Foreclosure & Home Rescue Programs (Room XXX)

Military Compensation (DoD & VA OSGLI) (Room XXX)

Money Talks: Communicating in Dollars & Sense to the Next Generation (Room XXX)

VA Education and Other Benefits (including the Post-9/11 GI Bill) (Room XXX)

FINRA Statistics on Military Financial Confidence & TSP Update (Room XXX)

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Mission Success vs *Mission Failure*

- ☑ Good credit
- ☑ Financial stability
- ☑ Regular savings
- ☑ Contribute to TSP
- ☑ Don't Opt-Out for SGLI
- ☑ Low % loans
- ☑ Security Clearance

- ✖ Bad credit
- ✖ Bankruptcy
- ✖ No emergency savings
- ✖ No retirement savings
- ✖ No SGLI/insurance
- ✖ Predatory loans
- ✖ No Clearance

"Financial Readiness = Mission Readiness"

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Questions?

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